

Federal Reserve Beige Book Reports on South Florida Real Estate Industry: Not As Optimistic As Other Analysts - Is Florida's Future Less Sunny Than We Thought? Maybe.

March 01, 2012 by [Rosa Schechter](#)

The Federal Reserve periodically issues reports on its opinion on economies in various parts of the country in a publication commonly known as the "[Fed Beige Book](#)." The latest Fed Beige Book has been released to the public and it analyzes Florida's economic outlook, concluding that Florida real estate is not recovering as nicely as some earlier reports have suggested (at least, according to the Fed).

From the *Miami Herald*, the point is made that this [information is derived from local real estate brokers](#) who do not seem as optimistic about 2012 as others may be.

The *Real Deal* wonders what's going on here, since other reports have real estate brokers being more favorable in their predictions. Read, "[Florida real estate gets Fed downgrade](#)."

Here in South Florida, maybe [the bigger news today](#) is from the [Commerce Department](#) regarding the commercial real estate sector, where January 2012 showed a fall in the amount of spending in new construction of both commercial and government development projects. This is the first time since July 2011 that there's been a dip in this area, and that's big news -- maybe bigger than the Fed's analysis of local brokers.

Decide for yourself.

Here's the [Fed Beige Book excerpt for our region](#) regarding real estate and construction:

The majority of District residential brokers reported that home sales accelerated in January and early February and stand above levels from the same time period last year. However, reports from Florida brokers were more mixed. Contacts noted that inventory levels continued to decline on year-over-year basis and home prices were nearly even with a year ago. The outlook among brokers for sales growth continued to improve with most anticipating modest year-over-year gains over the next several months.

Most District homebuilders indicated that new home sales and construction activity growth, measured year-over-year, increased slightly during January and early February; however, several contacts noted that unseasonably warm weather in the region likely pulled some activity forward. Builders continued to report downward pressure on home prices while new home inventories remained below year-earlier levels. Contacts noted that multifamily construction remained robust. Over the next several months, homebuilders anticipate new home sales and construction to be flat to slightly up compared with a year earlier.

Most commercial real estate contacts indicated that conditions continued to improve slowly in the region. Contractors noted a slight improvement in demand but the market remained very competitive and activity remained at low levels. Brokers continued to report modest improvements in demand for space in several parts of the District with some noting that rent concessions had abated. The outlook among contacts was similar to our last report with most contractors and commercial real estate brokers anticipating that construction activity will improve slowly during 2012.